

Colleges may be cut less

Stumbo hopeful House can eliminate, trim higher education fund reductions

By Tom Loftus

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The Courier-Journal

FRANKFORT, Ky. — House Speaker Greg Stumbo said Sunday that he is more hopeful that the House can reduce or eliminate proposed cuts in state funding of higher education in the 2010-12 budget.

But Stumbo stopped short of making promises as he spoke to reporters during a break in a marathon closed meeting with other House majority leaders and the chairmen of the budget committee and subcommittees.

Gov. Steve Beshear proposed a budget that would trim funding of universities and the Kentucky Community and Technical Col-

lege system by 2 percent in the second year. Last week, Stumbo said the House would likely cut deeper by moving that trim to the first year and continuing the reduced funding in the second year.

But Sunday he said, "We're hoping to put money back in both of those years."

Stumbo, D-Prestonsburg, met Friday with university presidents and other higher-education leaders who lobbied against the cuts.

Stumbo said he believed that by Monday, he could release a final outline showing how the

House proposes to balance the budget despite the fact that it has rejected about \$1.2 million in revenue moves and borrowing by Beshear, primarily the governor's proposal to generate \$780 million by a bill to legalize video slot machines at racetracks.

"We'll be able to present you with a document that will show we have a balanced budget in both years of the biennium," Stumbo said.

In recent weeks, Stumbo has

unveiled a dozen moves — spending cuts, revenue assumptions or fund transfers — that the House is likely to make to close the gap left by rejecting Beshear's budget. These include assuming that about \$250 million more will come next fiscal year in federal stimulus funds for Medicaid.

Other likely moves include eliminating two school days and cutting spending on government contracts and political appointees by eliminating some positions.

Stumbo repeated Sunday that the House will close what he called "some loopholes" in the state tax code.

A proposal he first mentioned last week was to suspend for two years a corporation's ability to carry forward past losses to offset current-year income for tax purposes. That remains in the House plan, he said.

Stumbo has said the move would generate an anticipated \$182 million over the upcoming budget period. The Kentucky Chamber of Commerce sent Stumbo a letter Friday opposing the move, saying it would "have a negative impact on Kentucky companies at a time when some

are just starting to turn the corner."

Stumbo said the House is reconsidering whether to eliminate one tax break: an exemption from the state sales tax on hotel stays longer than 31 days. Airlines oppose this move, and it would generate only about \$6.6 million over two years, Stumbo said.

Like Beshear's proposal, the House budget will include no general tax increases, Stumbo said. And he said that in general, the House budget won't include deeper spending cuts in priority areas of education and social services than those proposed by Beshear.

"We may shift some money around, but that's not a cut. There are better ways to do some things than what the governor has proposed with the same dollars," he said.

Budget subcommittees are expected to meet this week to report details within their areas of the House budget, then the full committee must approve the bill and send it to the House floor. Stumbo said he hopes the House will pass the budget next week. Then it will go to the Senate.

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